

Illinois State Medical Society



MEMORANDUM

TO: The Honorable Members of the Illinois General Assembly

FROM: The Illinois State Medical Society

RE: Reductions to the Workers' Compensation Medical Fee Schedule

DATE: May 8, 2015

During the House Committee of the Whole on workers' compensation, several assertions were made about the Illinois Medical Fee Schedule. This memorandum addresses how recent data from the Workers' Compensation Research Institute (WCRI) shows the medical prices per claim in Illinois are falling. It also addresses how data from WCRI does not account for nor analyze costs faced by Illinois physicians as they treat not only workers' compensation patients, but all of their patients.

Citing to Outdated, Limited, and Premature Studies

Proponents of cutting the Illinois Medical Fee Schedule have been citing a study released in January 2014 by the WCRI, which purportedly shows Illinois as a state with high workers' compensation medical costs. This study uses an extremely limited data set and contains only a half year of data for claims from January 1, 2012 to June 30, 2012.¹ Further, the study looks at individual prices paid for specific procedures, instead of looking at the total price per claim, the ultimate cost driver for workers' compensation.

The most recent reports from WCRI show a different story. In fact, the most recent edition of WCRI's CompScope Benchmarks (15th Edition) states that "medical payments per claim in Illinois were closer to the middle group of states, following the 2011 fee schedule reduction."² National data indicates that in Illinois, medical costs do not constitute a majority of workers' compensation costs.³

Costs for Physicians to Treat Workers' Compensation Patients

Additionally, there is nothing in any WCRI reports that analyzes or addresses the costs of providing care to workers' compensation patients, either here in Illinois or in comparing one state to another. However, the costs associated with providing care to any patient in Illinois, but especially to workers' compensation patients, are significantly higher in Illinois than in surrounding states. These additional costs include higher salaries for allied health care professionals, higher rents and professional liability premiums, which are as much as four times the amount of our surrounding states. The workers' compensation system requires significant administrative burdens that do not accompany other patients including intensive utilization review, meetings with case managers, months of payment delays, and increased correspondence.

¹ Workers' Compensation Research Institute, The Effect of Reducing the Illinois Fee Schedule, Jan. 2014, pg. 10, footnote a. See also id. at 17 (stating that medical billing data utilized was from 30 payors).

² Workers' Compensation Research Institute, CompScope Benchmarks For Illinois, 15th ed. Apr. 2015, pg. 5.

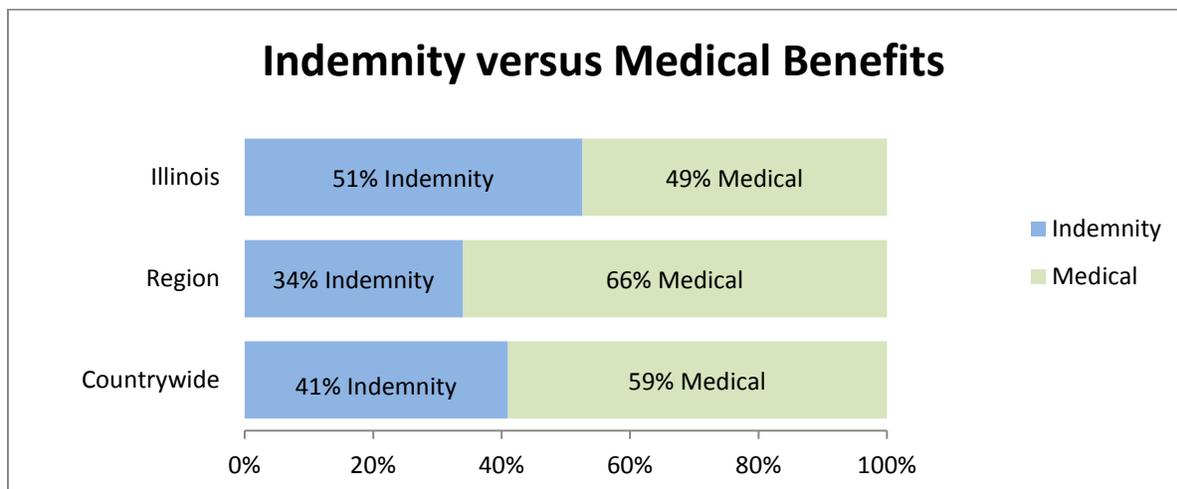
³ National Council on Compensation Insurance, Illinois State Advisory Forum 2014, Aug. 28, 2014, pg. 54, https://www.ncci.com/documents/SAF_IL.pdf.

While the costs to physicians of providing care in Illinois are higher than in surrounding states, the WCRI report points out that neighboring states including Indiana, Iowa, Missouri and Wisconsin, have no medical fee schedules for physicians. The study also points out that since the 30% cuts to physician fees in 2011, “the average price paid for major surgeries in Illinois became 27% lower than in Wisconsin and close to that in Indiana.”⁴ Even with the higher medical fees in these states, workers’ compensation premiums paid by employers are lower than in Illinois.⁵

Access to Care

Cuts to the Illinois Workers’ Compensation Medical Fee Schedule will force medical practices to evaluate whether they can continue to accept workers’ compensation patients. It should be expected that decreasing revenue from workers’ compensation treatment coupled with recent cuts to physician Medicaid reimbursement will further erode access to care, not only for workers’ comp patients, but especially for Medicaid patients where the cuts will likely put physician reimbursements at the lowest in the nation.

As detailed during testimony before the Committee of the Whole, access to quality health care for injured workers has already been threatened by the 2011 30% across-the-board reduction to the Medical Fee Schedule. The Workers’ Compensation Commission has been forced to raise the Medical Fee Schedule on two separate instances to ensure that injured workers could get the care they needed. Further reductions to the Medical Fee Schedule will send a clear message to physicians that Illinois does not recognize the cost of providing care to patients. It will be too late for the State to take action to restore access when physicians no longer can provide critical and skilled care to injured workers.



Region includes Indiana, Iowa, and Missouri

Source: National Council on Compensation Insurance, Illinois State Advisory Forum 2014, Aug. 28, 2014, pg. 54

⁴ Workers’ Compensation Research Institute, The Effect of Reducing the Illinois Fee Schedule, Jan. 2014, pg. 18.

⁵ See 2014 Oregon Workers’ Compensation Premium Rate Ranking Summary, Oct. 2014, http://www.cbs.state.or.us/external/dir/wc_cost/files/report_summary.pdf. The Oregon Report, which ranks workers’ compensation premiums amongst states, ranks Illinois at 7, Indiana at 50, and Wisconsin at 23.